

Weekly Market Report
Week 4

October 26 - 30, 2026

Results from the largest AI spenders weighed on technology shares, but gains spread to Europe, Japan and smaller companies in a week when the Fed, the ECB and the Bank of Japan all held rates.

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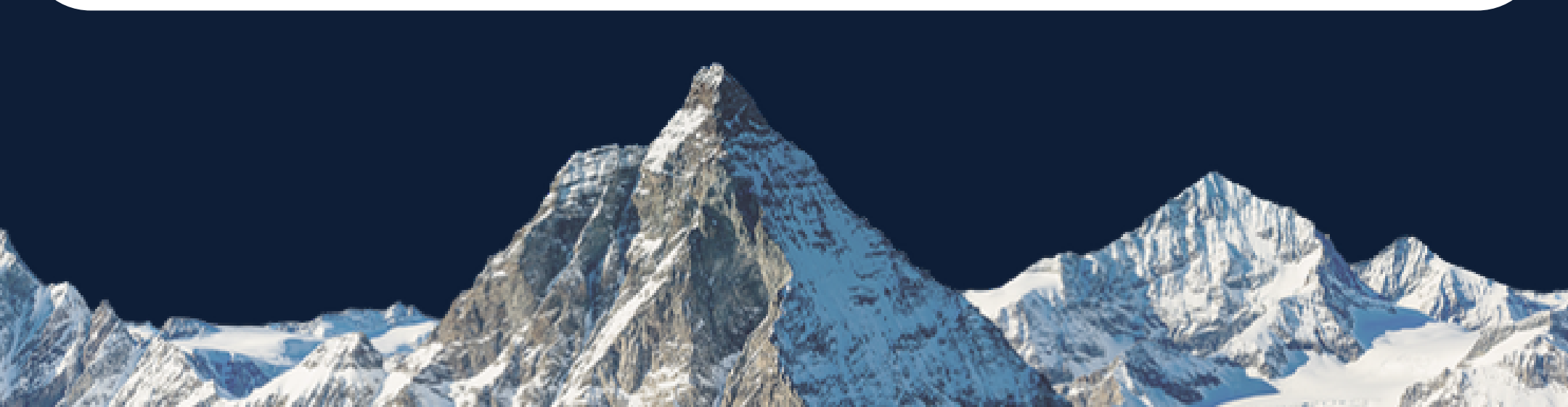
1) The largest AI spenders showed how much of their build-out relies on outside capital

Meta priced a USD 97.5 billion equity offering on October 27, including USD 60 billion of non-voting Class C shares to be sold from early 2027. Two days later, Alphabet fell 12.64% after reporting negative free cash flow of USD 9.1 billion for the third quarter, and Microsoft fell only 0.16% after lowering its 2026 spending plan to USD 170 billion from USD 175 billion.

Last week's report asked how much of the build-out the largest companies can still fund from cash flow. Meta now funds part of its spending with new shares, and Alphabet spent more than it generated. The gap between Alphabet's fall and Microsoft's shows that share prices now respond to how AI spending is funded as well as to its size.

The pressure then reached the suppliers. On October 30, Intel fell 28.58% after a weaker outlook, and the Philadelphia Semiconductor index fell 7.20%. Nvidia's results on November 17 will show whether demand from the largest spenders still supports the chipmakers.

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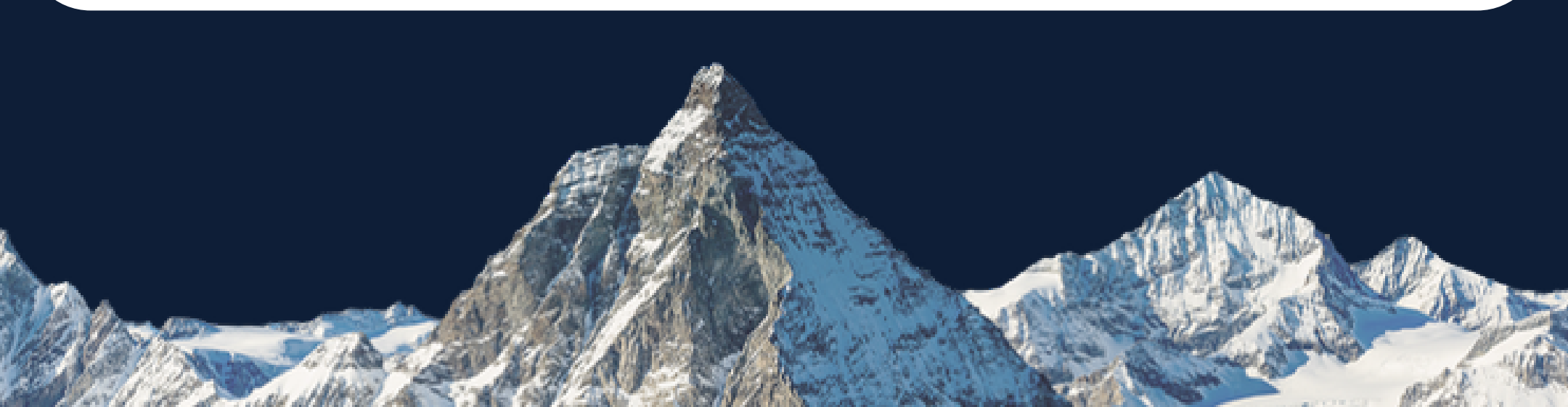
2) The Fed held rates, but two members voted for an increase

The Federal Reserve held its target range at 3.75%–4.00% on October 28 in a 10–2 vote. Governor Lisa Cook and Cleveland Fed President Beth Hammack voted for a further 25 basis point increase, Cook's first dissent in more than four years. The statement also described growth as "strong", up from "solid".

The next day's data supported that view, as the first estimate showed the U.S. economy grew at a 3.4% annualized rate in the third quarter, up from 2.2% in the second. According to The Wall Street Journal, markets continued to expect an increase in December.

Treasuries rallied for a third week regardless. The 10-year yield fell 6 basis points to 4.94% and the 2-year 13 basis points to 4.56%, with real yields accounting for the whole 10-year move, which left market-implied inflation expectations unchanged at 2.34%. The jobs report on November 6 and the CPI release on November 10 will test the two dissents.

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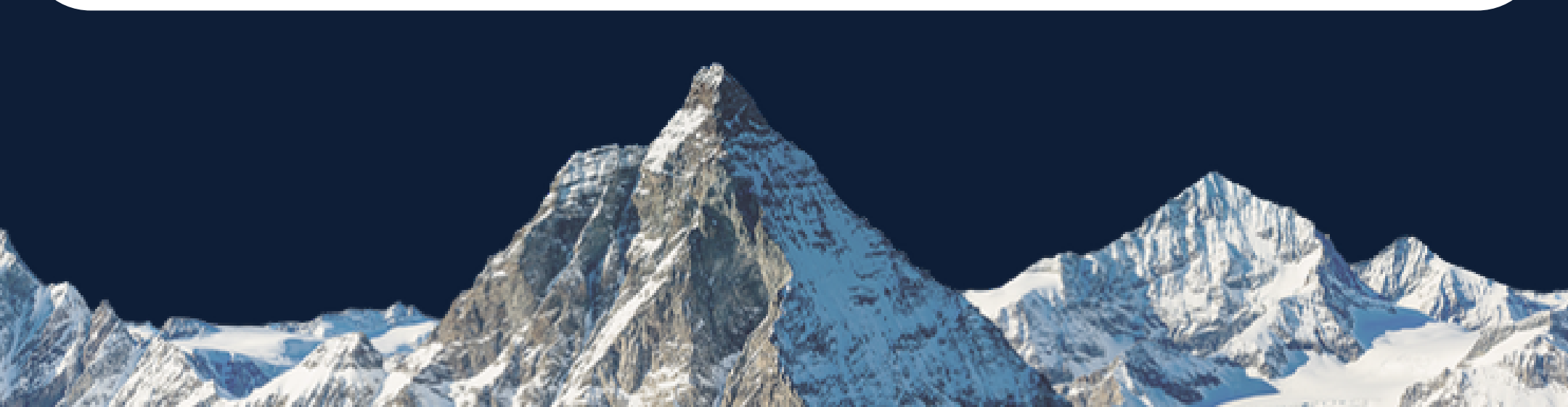
3) The ECB and the Bank of Japan also held, as oil rose further

The European Central Bank held its deposit facility rate at 2.50% on October 29. President Christine Lagarde said higher energy costs had not yet spread into wages, although money markets priced a 67% probability of an increase in December. A day later, the Bank of Japan held its policy rate at 1.25% and stated for the first time that underlying inflation had reached its 2% target.

The pauses came as oil kept rising. The December Brent contract settled at USD 117.64 per barrel on October 30, up 0.79% over the week and its highest settlement since late April, after a tanker was attacked in the Strait of Hormuz, according to Reuters.

With energy prices remaining elevated, the Fed, ECB and Bank of Japan face different policy challenges. Upcoming inflation and activity data will help shape expectations for their next decisions.

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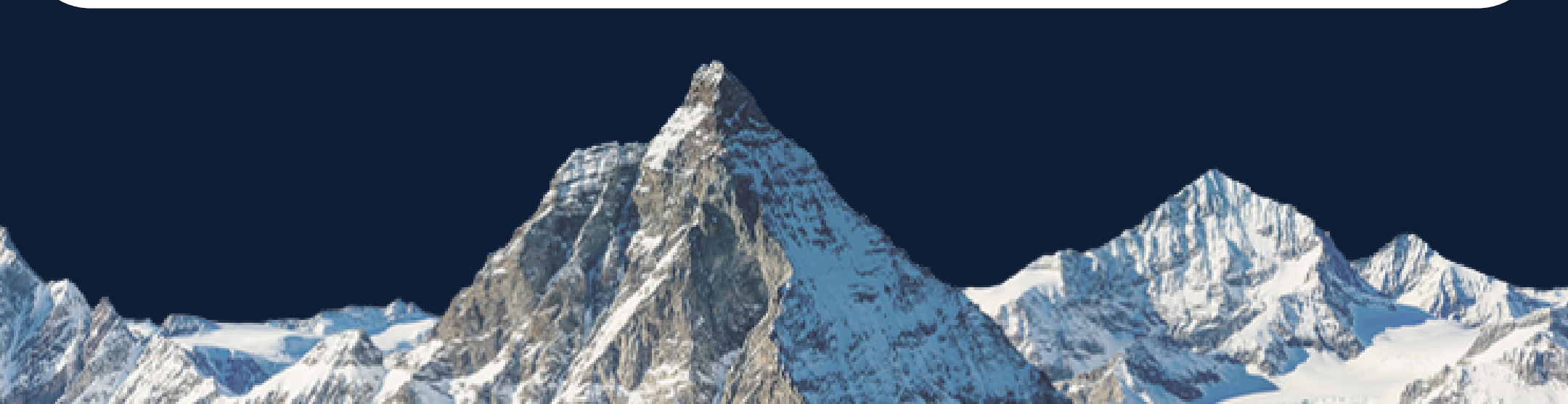
4) Gains spread to Europe, Japan and smaller companies

Meanwhile, European shares rose as technology fell. The Euro Stoxx 600 gained 1.73% over the week and closed at 649.11 on October 29, its highest close since September 8. A week earlier, Europe's lower exposure to AI shares had offered little protection, as the index fell 1.39%.

In the United States, the Russell 2000 rose 1.30% over the week against a 0.57% fall in the S&P 500, and on October 29, 406 S&P 500 members rose even as the index fell 0.30%. In Japan, the Nikkei 225 gained 0.95%, despite a 2.12% fall on October 30.

For investors, a broader base of gains leaves index returns less dependent on a few technology companies. The trend continued from the week before, when the Russell 2000 rose 2.00% and the Nasdaq 100 fell 0.79%.

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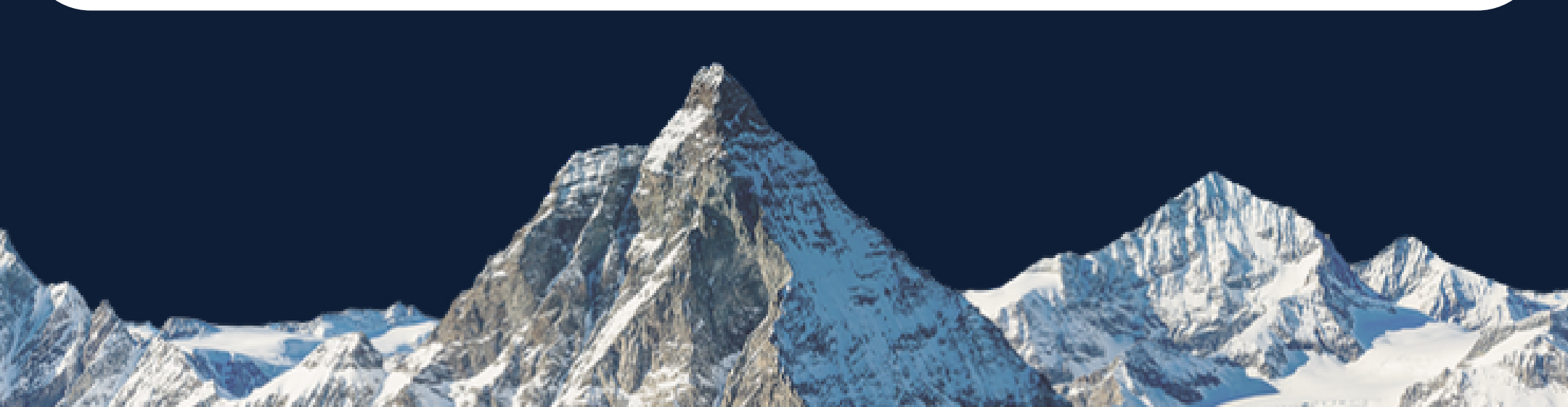
5) Gold fell and credit spreads widened again at the end of the week

Gold fell 3.04% over the week to USD 3,874.62 per ounce, including 3.65% after October 29, the day after the Fed's two votes for an increase. The decline came even though the 10-year real yield fell 6 basis points, which normally supports a metal that pays no income.

Credit made the same late turn. The ICE BofA high-yield spread narrowed to 314 basis points on October 28 from 338 basis points on October 23, then widened 30 basis points over the last two days to 344 basis points, as Alphabet's and Intel's results weighed on technology shares. Spreads on CCC-rated bonds still ended the week 29 basis points narrower, at 13.27%.

Treasuries rallied while gold and high-yield credit weakened, so lower yields did not lift every defensive asset. The high-yield spread ended the week 32 basis points above its end-September level of 312 basis points.

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Weekly Performance | Major Indices

Sources: Federal Reserve, BEA, ECB, Bank of Japan, Meta, Alphabet, Microsoft, Intel, ICE BofA via FRED, FRED, Reuters, Bloomberg, The Wall Street Journal, AP, CNBC, Yahoo Finance

Index	Weekly Change	Observation
S&P 500	-0.57%	Ended the week slightly lower after a 1.82% decline on October 30, when Intel's weaker outlook erased earlier gains.
Nasdaq 100	-1.98%	Technology shares came under pressure, with a 3.46% decline on October 30 alongside a 7.20% drop in the Philadelphia Semiconductor Index.
Euro Stoxx 600	+1.73%	European equities advanced, with the benchmark reaching its highest closing level since September 8 on October 29, when the ECB held interest rates unchanged.
Nikkei 225	+0.95%	Japanese equities finished slightly higher, as gains through October 29 offset a 2.12% decline in the final trading session of the week.

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